

Bruce A. Anderson  
ELSAESSER JARZABEK ANDERSON  
MARKS ELLIOTT & MCHUGH, CHTD.  
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Coeur d'Alene, ID 83814  
Tel: (208) 667-2900  
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Attorneys for: Debtor-in-Possession


UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF IDAHO

In Re:	)	Case No. 02-20218
	)	
FRANK CHAPIN and ,	)	NOTICE OF FILING
SYDNEY GUTIERREZ-CHAPIN	)	MUTUAL RELEASE AND
	)	SETTLEMENT AGREEMENT
Debtor.	)	
	)	

Attached hereto is the executed Mutual Release and Settlement Agreement. An unexecuted Agreement was previously filed as Exhibit A to the Motion of Frederick A. Leaf for Approval of Settlement, Docket No. 118.

DATED this 3 day of June, 2003.

ELSAESSER JARZABEK ANDERSON  
MARKS ELLIOTT & MCHUGH, CHTD.

  
\_\_\_\_\_  
Bruce A. Anderson, Attorneys  
for Debtors.

NOTICE OF FILING MUTUAL  
RELEASE AND SETTLEMENT AGREEMENT - 1

ORIGINAL<sub>45</sub>

## MUTUAL RELEASE AND SETTLEMENT AGREEMENT

This Mutual Release and Settlement Agreement ("Agreement") is made and entered into as of May \_\_\_\_\_, 2003 by and among FREDERICK A. LEAF, an individual ("Leaf"), FRANK L. CHAPIN AND SYDNEY GUTIERREZ-CHAPIN, as husband and wife and Debtors in Possession ("Chapin"), ROBERT E. KOVACEVICH, an individual ("Kovacevich"), JOHN MURRAY, an individual ("Murray"), the ESTATE OF CHRISTINA LEAF (the "Estate"), AMERICAN LUTHERAN CHURCH, a nonprofit organization ("ALC"), JERILYN KLUNGTVEDT, an individual ("Klungtvedt"), KAREN SAXOWSKY, an individual ("Karen"), JOHN C. WAGNER, an individual ("John"), DANIEL C. WAGNER, an individual ("Daniel"), LYNETTE J. BREKKE, an individual ("Brekke"), DONALD WAGNER, an individual ("Donald"), LINDA WAGNER, an individual ("Linda"), JERYLN BIEREMA, an individual ("Bierema") and THE FOUNDATION FOR DEACONESS AND VALLEY HEALTHCARE, a nonprofit organization (the "Foundation"). ALC, Klungtvedt, John, Daniel, Brekke, Donald, Linda, Bierema and the Foundation are collectively referred to herein as the "Beneficiaries," and Leaf, Kovacevich, Murray, the Estate, Chapin and the Beneficiaries are collectively referred to herein as the "Settling Parties." This Agreement shall be effective as of the date that all Settling Parties have signed this Agreement and the Court has approved this Agreement (the "Effective Date").

### RECITALS

A. Wilbur and Christina Leaf, husband and wife (the "Leafs"), died on December 20, 1993 and August 1, 1995, respectively. Leaf and Frank L. Chapin, a certified public accountant, served as co-personal representatives of the Estate and successor co-personal representatives of Wilbur Leaf's estate and Chapin also served as the accountant for the Estate and Wilbur Leaf's estate. Murray and Kovacevich rendered legal services to the Estates.

B. On May 17, 1996, Kovacevich, as attorney for the Estate, filed a petition to probate Christina Leaf's last will and testament *In the Matter of the Estate of Christina Leaf*, State of Washington Superior Court, Spokane County (the "Court"), Cause No. 96-4-00617-5 (the "Probate Proceedings"). Joseph Delay was subsequently appointed as legal counsel for the Estate.

C. On September 23, 1996, a check in the amount of \$748,809.14 payable to Estate was issued to Chapin and Leaf by New York Life Insurance Company, which proceeds represented life insurance proceeds on life of Christina Leaf. Leaf and Chapin subsequently endorsed the check for deposit into the Estate's bank account. However, Chapin deposited the check into his corporation's bank account, and subsequently made loans to various entities owned by Chapin.

D. On June 24, 2001, the Court entered an order (the "Security Order") requiring, among other things, Leaf and Chapin to post security in the amount of \$1,250,000, restricting any transaction in the Estate's assets without the approval of the Court and holding Chapin in contempt. On February 22, 2002, Chapin filed a Chapter 11 Reorganization with the United

Signature page to Mutual Release and Settlement Agreement

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States Bankruptcy Court for the District of Idaho under Cause No: 02-20218 (the "Chapin Bankruptcy").

E. On October 29, 2001, the Beneficiaries filed a civil complaint against Leaf and Chapin in *American Lutheran Church, et. al., vs. Chapin, et. al.*, State of Washington Superior Court, Spokane County, Cause No. 01-206413-9 (the "Civil Proceedings"), alleging causes of action against Leaf and Chapin based upon breach of fiduciary duties, negligence, conversion, the tort of outrage and fraud. Judgment in the amount of \$915,689.07 was entered by the Court against Leaf on October 18, 2002, Judgment No. 02907325-5 (the "Judgment").

F. The Judgment is secured by a security interest in certain of Leaf's real estate holdings granted to the Beneficiaries pursuant to an order (the "Judgment Lien Order") issued by the Court on April 23, 2002 in the Civil Proceedings.

G. On October 25, 2002, Leaf filed a Notice of Appeal ("Appeal") to the Court of Appeals Division III in Spokane, Washington (the "Appellate Court"), appealing the Court's Judgment (the "Appellate Proceedings").

H. On December 10, 2001, Leaf filed a Third Party Complaint in the Civil Proceedings alleging a claim for contribution against Chapin, Kovacevich and Murray for any judgment entered against Leaf arising out of the probate of the Wilbur and Christina Leaf Estates.

I. The Estate, the Beneficiaries and Leaf are parties to Adversary Proceedings under Cause Nos. 02-6135, 02-6136 and 02-6137, respectively, pending before the Chapin Bankruptcy Court. The Estate filed its Complaint to Determine Non-Dischargeability of Debt with the Bankruptcy Court on June 4, 2002 (the "Estate Complaint"). The Beneficiaries filed their Complaint to Determine Non-Dischargeability of Debt with the Bankruptcy Court on June 4, 2002 (the "Beneficiary Complaint"). Leaf filed his Complaint to Determine Non-Dischargeability of Debt with the Bankruptcy Court on June 4, 2002 (the "Leaf Complaint").

J. Chapin has filed third party Complaints against Kovacevich in the Adversary Proceedings, numbers 02-6135, 02-6136 and 02-6137 alleging negligence in advice to the personal representatives of the Estate of Wilbur Leaf and in overseeing the marshalling and distribution of Wilbur Leaf Estate assets.

K. Kovacevich is listed as creditor of the Chapin estate in the amount of \$79,330.00 for unpaid attorney fees. On June 13, 2002 Kovacevich filed two proofs of claim: one for \$79,330.46 for attorney's fees and one for \$1,500,000.00 for reimbursement, damages, etc. relating to the leaf Estates.

L. The Settling Parties have met and conferred in good faith to discuss all claims and all parties have the assistance of counsel.

M. On February 4, 2003, the Estate, Beneficiaries, Leaf, Kovacevich and Murray,

through mediation, agreed upon the primary terms of a tentative Settlement Agreement. While a full and final Settlement Agreement has not been signed by the parties, a Settlement Agreement Summary has been prepared, expressing agreement to the most significant aspects of the Settlement Agreement. The parties are currently finalizing the full Settlement Agreement and attempting to implement the terms thereof.

N. In order to efficiently proceed with the full settlement of, all issues among the parties, at this time the parties desire to enter into this Agreement, which address only the terms of the settlement of the claims by and against Kovacevich and Murray. The Settlement Agreement pertaining to the claims against Leaf will be finalized at a later date.

O. The parties understand that this Agreement will need final approval by the Court; however, the parties intend to expedite seeking such approval. The parties further intend that this Agreement is specifically enforceable as a contract.

### AGREEMENTS

In compromise and settlement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Settling Parties agree as follows:

#### 1. Settlement.

Settlement by Kovacevich. On the Effective Date, Kovacevich shall pay to Joseph P. Delay, or his designee, on behalf of and in trust for the Beneficiaries, the aggregate sum of \$250,000.00 (the "Kovacevich Settlement Payment") by cash, check or wire transfer. Such payment, pursuant to RCW 4.22.040, shall be applied as a \$250,000.00 credit against the judgment entered against Leaf on October 18, 2002. Such amount of \$250,000 shall also reduce the amount of any judgment liens asserted by the Beneficiaries against the assets of Leaf.

2. Dismissal Orders. In consideration for the Kovacevich Settlement Payment, the Settling Parties agree to the following:

2.1 Dismissal of Civil and Probate Proceedings. Within five (5) business days of the Effective Date, the Settling Parties shall file with the Court a stipulation and order dismissing with prejudice Kovacevich and Murray and their respective marital communities from the Civil Proceedings and the Probate Proceedings, which stipulation and order shall be substantially in the form attached hereto as Exhibit F.

2.2 Agreed Order to Dismiss Claims Against Kovacevich. Within five (5) business days of the Effective Date, or as soon as practicable, the Settling Parties shall cause to be entered with the Bankruptcy Court an agreed order dismissing all of Chapin's claims against Kovacevich, which agreed order shall be substantially in the form attached hereto as Exhibit J, or shall otherwise be incorporated into an Order of Confirmation.

No Settling Party shall oppose any of the orders or motions set forth in this Section 2. No Settling Party shall file any objection to the foregoing orders or motions.

3. **Claims of Kovacevich.** In consideration for the Kovacevich Settlement Payment and the mutual releases set forth below, the Settling Parties agree to the following:

3.1 **Withdrawal of Claims Against Chapin and Consent to Confirmation of Plan.** Kovacevich and Murray hereby absolutely, irrevocably and unconditionally withdraw any and all filed claims, affirms they have no unfilled claims or administrative claims, withdraw all ballots and consent to confirmation of the Plan of Reorganization that is pending before the Chapin Bankruptcy Court as of May 13, 2003.

3.2 Subject to Court approval of the settlement and after notice and hearing, Chapin shall dismiss the third party claims against Kovacevich in the Adversary Proceedings, number 02-6135, 02-6136 and 02-6137.

4. **Mutual Release.** The Settling Parties acknowledge and agree that, except as set forth herein, this Agreement shall constitute a full and final settlement, release and discharge of all known and unknown claims each party has against Kovacevich and Murray, and that Kovacevich and Murray may have against any other party to this Agreement. Specifically, Leaf, Chapin, the Estate and Beneficiaries do hereby release and forever discharge Kovacevich and Murray, their spouses, marital communities, firms and attorneys from any and all claims, demands damages, liabilities, obligations, actions and causes of action, arising from any act or occurrence up to the present time. Including, but not limited, to those matters raised in the pleadings filed in the Civil Proceedings and any Adversary Proceeding in the Chapter 11 Bankruptcy Proceedings (including those for attorney's fees or any other damages).

Kovacevich and Murray do hereby release and forever discharge Leaf, Chapin, the Estate and Beneficiaries, their spouses, marital communities, firms, directors, officers, employees, agents subsidiaries, affiliates and attorneys from any and all claims, demands damages, liabilities, obligations, actions and causes of action, arising from any act or occurrence up to the present time. Including, but not limited, to those matters raised in the pleadings filed in the Civil Proceedings and any Adversary Proceeding in the Chapter 11 Bankruptcy Proceedings (including those for attorney's fees or any other damages).

The parties authorize and direct their attorneys, upon full performance of this Agreement by all parties, to take all necessary action to have this Agreement approved by the Court in the above-mentioned Probate Proceedings, Civil Proceedings, and Chapin Bankruptcy Court Proceedings, including a full dismissal, with prejudice, of all pending claims, counterclaims, and causes of action by and against Kovacevich and Murray in the Civil Proceedings, Probate Proceedings, and Chapin Bankruptcy Proceedings.

5. **Claims by the Estate and Beneficiaries Against Leaf Are Unaffected.** Nothing in this Settlement Agreement shall diminish in any way the judgment or pending claims the Beneficiaries and the Estate have against Leaf. However, the Kovacevich settlement payment shall be applied as a \$250,000 credit against the judgment entered against Leaf on October 18, 2002.

6. **Court Approval.** This Agreement shall not be effective unless and until the Court and the Chapin Bankruptcy Court enter orders approving this Agreement. The Settling Parties agree to file papers with the Courts seeking approval of the Agreement within five (5) business days of this Agreement being fully executed.

7. **Confidentiality.** Except as required for obtaining approval of the Courts, the Settling Parties agree that the terms of this Agreement shall be and will remain confidential, which precludes any disclosure, except in response to a Court order or a valid legal process, and except for disclosure for legitimate business reasons to legal, business, banking or tax representatives of the Settling Parties. It is understood and agreed that the Kovacevich financial statements referred to herein 1) are, and will remain, subject to an existing and continuing confidentiality agreement 2) contain confidential information, which shall remain confidential, and 3) shall be filed under seal if presented to, or filed with, any tribunal or any court, or in response to legal process of any kind and for any purpose.

8. **Attorneys' Fees Regarding Enforcement of This Agreement.** In any proceeding brought to enforce this Agreement or to determine the rights of the parties under this Agreement, the prevailing party shall be entitled to collect, in addition to any judgment awarded by a court, a reasonable sum as attorneys' fees and all costs and expenses incurred in connection with such a lawsuit, including attorneys' fees, expenses of litigation, and costs of appeal. For purposes of this Agreement, the prevailing party shall be that party in whose favor final judgment or award is rendered or who substantially prevails, if both parties are awarded judgment. The term "proceeding" shall mean and include arbitration, administrative, bankruptcy, and judicial proceedings including appeals.

9. **Representations.**

9.1 **Authority.** Each Settling Party represents and warrants that it, he or she has the full power and authority to enter into this Agreement and to perform all transactions, duties, and obligations herein set forth. Each signatory to this Agreement who signs on behalf of a Settling Party represents and warrants that he or she has the authority to sign on behalf of that Settling Party.

9.2 **Advice of Counsel.** Each Settling Party represents and warrants that: (i) it, he or she is represented by competent counsel with respect to this Agreement and all matters covered by this Agreement; (ii) that they have been fully advised by their respective counsel with respect to their rights and obligations and with respect to the legal effect and execution of this Agreement; and (iii) they authorize and direct their respective attorneys of record to execute such papers, and to take such other action, as is reasonably necessary and appropriate to effectuate the terms of this Agreement.

9.3 **Certification by Kovacevich.** Kovacevich will sign a separate certification (modeled on the certifications required of Chief Executive Officers by Sarbanes Oxley, 18 U.S.C. 1350) that the financial statements and other financial information produced in this case by him regarding his net worth, based on his knowledge, fairly present all material respects of his

financial condition at or near the date contained in the reports, and that since the date of the reports, his financial condition has not materially changed.

**10. Notices.** All notices, requests, demands and other communication hereunder shall be in writing or by electronic means producing a written record (facsimile machine, telex, telecopier or telegraph) personally delivered or mailed by registered or certified United States mail, return receipt requested, first-class postage prepaid, or by nationally recognized overnight courier, effective upon personal delivery, or one (1) day after mailing if by overnight carrier, or three (3) days after mailing if by United States mail, addressed as follows:

If to Leaf:

Dr. Frederick Leaf  
8544 Sand Point Way NE  
Seattle, WA 98115

With copies to:

John Rizzardi  
Cairncross & Hempelmann, P.S.  
524 2<sup>nd</sup> Avenue, #500  
Seattle, WA 98104-2323

If to the Estate:

Joseph P. Dclay  
601 West Main Street, Suite 1212  
Spokane, WA 99201

If to the Beneficiaries:

William J. Schroeder  
Paine Hamblen Coffin Brooke & Miller, LLP  
717 West Sprague, Suite 1200  
Spokane, WA 99201

And

Michael J. Church  
Stampcr Rubens Stocker and Smith, P.S.  
720 West Boone, Suite 200  
Spokane, WA 99201

If to Chapin:

Bruce Anderson  
Elsaesser Jarzabek Anderson Marks Elliott &  
McHugh, Chtd.  
1400 Northwood Center Court, Suite C  
Coeur d'Alene, Idaho 83814

If to Kovacevich:

Robert Kovacevich  
4603 S. Pittsburg  
Spokane, WA 99223

If to Murray:

John Murray  
Attorney at Law  
3405 S. Altamont St.  
Spokane, WA 99223-4637

Notice of a change of address shall be given by written notice in the manner detailed above.

11. **No Admission of Liability.** The performance of any covenants contained herein, nor anything contained or incorporated herein shall not be deemed, nor shall the negotiation, execution and performance of this Agreement constitute, any admission or concession of liability or wrongdoing on the part of any Settling Party, or any other form of admission with respect to any matter, thing or dispute whatsoever. Any such liability or wrongdoing is expressly denied.

12. **Binding Effect.** The covenants, agreements, representations, and warranties contained herein shall extend to and be obligatory upon the successors and assigns of the respective parties hereto.

13. **Amendment.** This Agreement may be amended only by written instrument executed by all Settling Parties.

14. **Entire Understanding.** This Agreement, and the documents incorporated herein, embodies the entire agreement among the Settling Parties with relation to the transactions contemplated hereby. There have been and are no covenants, agreements, representations, warranties, or restrictions among the Settling Parties with regard thereto other than those set forth herein or for which there has been provision made herein. No waiver or consent to any breach or other default in the performance of any of the terms of this Agreement shall be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition hereof.

15. **Counterparts.** This Agreement may be executed in counterpart originals, each of which is equally admissible in evidence and shall be deemed to be one and the same instrument. This Agreement shall not take effect until all Settling Parties have signed a counterpart.

16. **Time of Essence.** Time is of the essence of this Agreement.

17. **Severability.** The unenforceability, invalidity, illegality, or termination of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid, or illegal and shall not terminate this Agreement or impair the rights or obligations of any Settling Party.

18. **Captions.** Section or paragraph titles or other headings contained in this Agreement are for convenience only and shall not be a part of this Agreement, or considered in its interpretation.



19. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Washington. In the event of any suit, action or proceeding arising from or relating to this Agreement, or the transactions contemplated hereby, each Settling Party irrevocably and unconditionally submits, for itself and its property to the exclusive jurisdiction of the Court, set forth above.

20. **Cooperation.** The Settling Parties agree to cooperate in the performance of this Agreement and to do all things (and to so instruct their respective attorneys) reasonably required to carry out the intent of this Agreement.

DATED as of the date first above written.

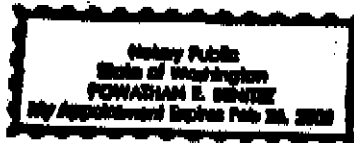
FREDERICK A. LEAF

Frederick A. Leaf  
Frederick A. Leaf

STATE OF WASHINGTON )  
                                  ) ss.  
COUNTY OF King )

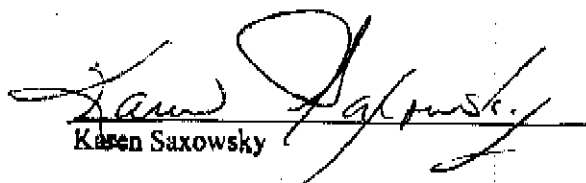
On this day personally appeared before me Frederick A. Leaf, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 24th day and year in this certificate above written.



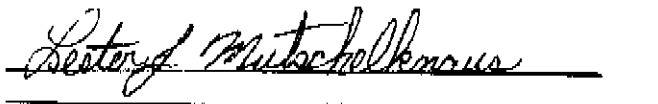
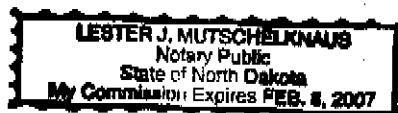
Jonathan E. Benitez  
Name: Jonathan E. Benitez  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle, WA  
My commission expires February 26, 2005

KAREN SAXOWSKY

  
Karen SaxowskySTATE OF North Dakota  
COUNTY OF Morton } ss.

On this day personally appeared before me Karen Saxowsky, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 20<sup>th</sup> day and year in this certificate above written.

  
Name: \_\_\_\_\_  
NOTARY PUBLIC in and for the State of North Dakota  
residing at Morton County  
My commission expires Feb. 8, 2007

Signature page to Mutual Release and Settlement Agreement

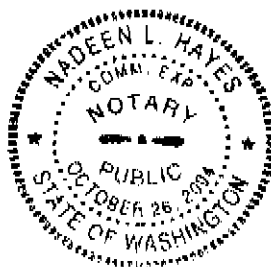
## AMERICAN LUTHERN CHURCH, A NONPROFIT ORGANIZATION

By: Donald E. Melcher  
Name: DONALD E. MELCHER  
Title: PASTOR

STATE OF WASHINGTON )  
COUNTY OF Podunk ) ss.

On this 20<sup>th</sup> day of May, 2003, before me the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Donald E. Melcher to me known to be the Pastor of American Lutheran Church, a nonprofit organization, the nonprofit organization that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said general partners on behalf of said organization for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

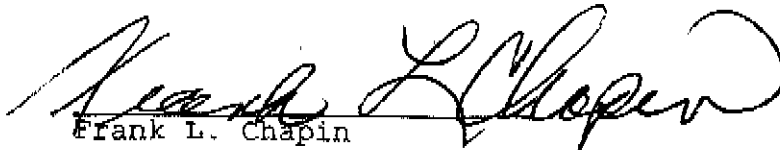
WITNESS my hand and official seal hereto affixed this 20-5-03 day and year in this certificate above written.



Nadeen L. Hayes  
Name: Nadeen L. Hayes  
NOTARY PUBLIC in and for the State of WA  
Washington, residing at Newport  
My commission expires 10-26-04

Signature page to Mutual Release and Settlement Agreement

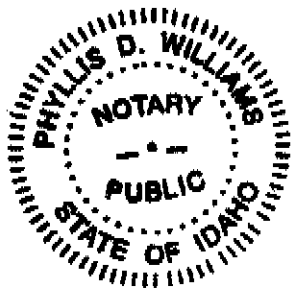
FRANK L. CHAPIN

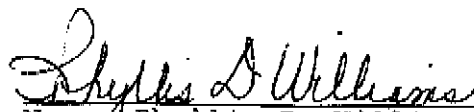
  
Frank L. Chapin

STATE OF IDAHO           )  
                                  : ss  
County of Bonner        )

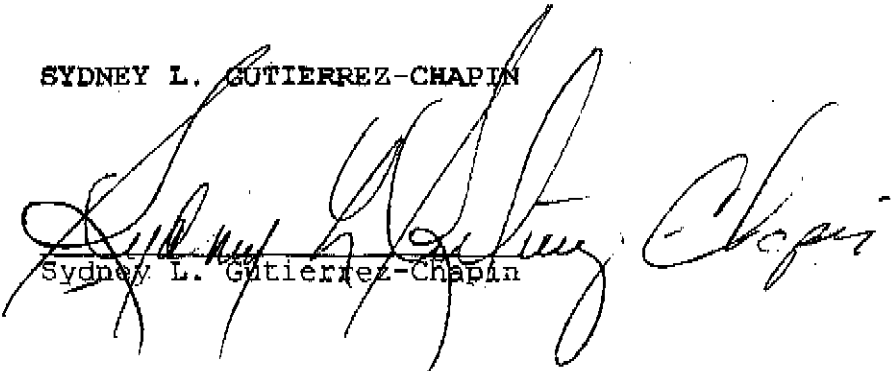
On this day personally appeared before me Frank L. Chapin, that executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 27<sup>th</sup> day and year in this certificate above written.



  
Name: Phyllis D. Williams  
Notary Public in and for the State of  
Idaho, residing at Sandpoint  
My Commission Expires: 5-23-09

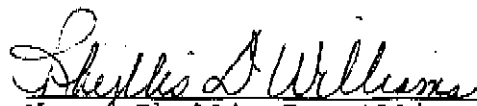
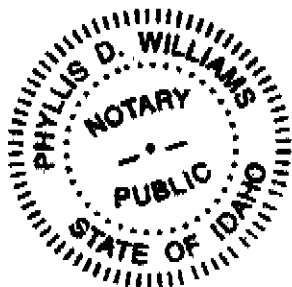
SYDNEY L. GUTIERREZ-CHAPIN

  
Sydney L. Gutierrez-Chapin

STATE OF IDAHO           )  
                                  :SS  
County of Bonner        )

On this day personally appeared before me Sydney L. Gutierrez-Chapin, that executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 27<sup>th</sup> day and year in this certificate above written.



Name: Phyllis D. Williams  
Notary Public in and for the State of  
Idaho, residing at Sandpoint  
My Commission Expires: 5-23-09

MAY-27-03 TUE 3:05 PM SENDER VENDER

FAX NO. 5093264535

P. 2  
002

LPSL FL 38

ROBERT E. KOVACEVICH

  
Robert E. KovacevichSTATE OF WASHINGTON )  
COUNTY OF Spokane ) ss.

On this day personally appeared before me Robert E. Kovacevich, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

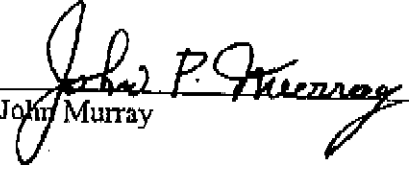
WITNESS my hand and official seal hereto affixed this 27<sup>th</sup> day and year in this certificate above written.



Bonita A. Brinkman  
Name: Bonita A. Brinkman  
NOTARY PUBLIC in and for the State of  
Washington, residing at WASHINGTON  
My commission expires 08-09-04

Signature page to Mutual Release and Settlement Agreement  
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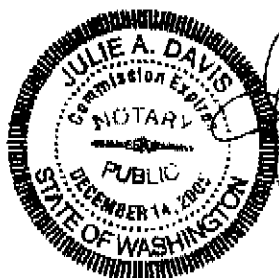
**JOHN MURRAY**

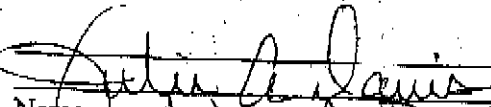
  
John Murray

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SPOKANE )

On this day personally appeared before me John Murray, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 5/19/03 day and year in this certificate above written.



  
Name: Julie A. Davis  
NOTARY PUBLIC in and for the State of  
Washington, residing at Spokane  
My commission expires 12/14/2005



## THE ESTATE OF CHRISTINA LEAF

*Joseph P. Delay*  
Joseph P. Delay, Attorney for The Estate of Christina Leaf

STATE OF WASHINGTON )  
COUNTY OF *SpoKane* ) ss.

On this day personally appeared before me Joseph P. Delay, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 23 day and year in this certificate above written.



*Margaret R. Sulpi2,0*  
Name: MARGARET R. Sulpi2,0  
NOTARY PUBLIC in and for the State of  
Washington, residing at SpoKane  
My commission expires 11-23-05

Signature page to Mutual Release and Settlement Agreement

<sup>AJ</sup>  
JERILYN T. KLUNGTVEDT

*Jerilyn A. Klungtvædt*

Jerilyn T. Klungtvædt

STATE OF North Dakota  
COUNTY OF Burleigh ss.

<sup>AJ</sup>  
On this day personally appeared before me Jerilyn T. Klungtvædt, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this May 22, 2003 day and year in this certificate above written.



Name: Sharilyn R. Schmit  
NOTARY PUBLIC in and for the State of North Dakota  
residing at Bismarck North Dakota  
My commission expires \_\_\_\_\_

SHARILYN R. SCHMIT  
Notary Public, STATE OF NORTH DAKOTA  
My Commission Expires OCT. 17, 2003

Signature page to Mutual Release and Settlement Agreement



DANIEL C. WAGNER

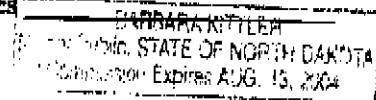
Daniel C. Wagner  
Daniel C. Wagner

STATE OF North Dakota  
COUNTY OF McLean ) ss.

On this day personally appeared before me Daniel C. Wagner, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 20<sup>th</sup> day and year in this certificate above written.

BARBARA Kittler  
Name Barbara Kittler  
NOTARY PUBLIC in and for the State of N.D.  
residing at Turtle Lake  
My commission expires



Signature page to Mutual Release and Settlement Agreement

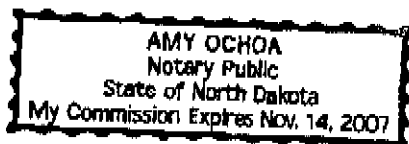
LYNETTE J. BREKKE

Lynette J. Brekke  
Lynette J. Brekke

STATE OF North Dakota )  
COUNTY OF Cass ) ss.

On this day personally appeared before me Lynette J. Brekke, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 21st day and year in this certificate above written.



Amy Ochoa  
Name: Amy Ochoa  
NOTARY PUBLIC in and for the State of North Dakota  
residing at Fargo, ND  
My commission expires 11/14/07

Signature page to Mutual Release and Settlement Agreement

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DONALD WAGNER

Donald Wagner  
Donald Wagner

STATE OF ILLINOIS )  
COUNTY OF COOK ) ss.

On this day personally appeared before me Donald Wagner, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 21<sup>st</sup> day and year in this certificate above written.



Elizabeth Reyes  
Name: ELIZABETH REYES  
NOTARY PUBLIC in and for the State of ILLINOIS  
residing at 749 Leest. Des Plaines, IL 60016  
My commission expires 2-15-05

Signature page to Mutual Release and Settlement Agreement

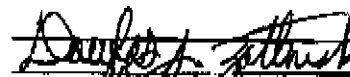
LINDA WAGNER

  
Linda Wagner

STATE OF North Dakota  
COUNTY OF Burleigh

On this day personally appeared before me Linda Wagner, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 22nd May 2003 day and year in this certificate above written.

  
Name: Douglas J. Zetser  
NOTARY PUBLIC in and for the State of North Dakota  
residing at Burleigh County  
My commission expires December 17, 2003

Signature page to Mutual Release and Settlement Agreement

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05/22/2003 10:21 16055893316 CENTRAL PLAINS INS

PAGE 01

Sent By: PAINE HAMBLIN NORTH;

509 838 9826;

May-20-03 15:18;

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JERLYN BIEREMA

Jerlyn Bierema  
Jerlyn Bierema

STATE OF South Dakota )  
COUNTY OF Sanborn ) ss.

On this day personally appeared before me Jerlyn Bierema, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 22nd day and year in this certificate above written.

Marilyn L. Lusk  
Name: Marilyn L. Lusk  
NOTARY PUBLIC in and for the State of South Dakota  
residing at Tabor, SD  
My commission expires 10-26-04

Signature page to Mutual Release and Settlement Agreement



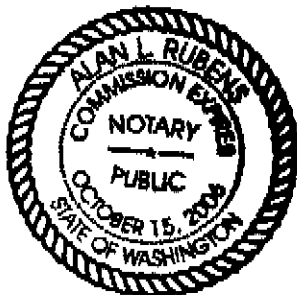
**THE FOUNDATION FOR DEACONESS AND VALLEY HEALTHCARE  
A NONPROFIT ORGANIZATION**

By: [Signature]  
Name: TERI MATHIS  
Title: EXECUTIVE DIRECTOR

STATE OF WASHINGTON )  
COUNTY OF SPOKANE ) ss.

On this 21<sup>st</sup> day of MAY, 2003, before me the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared TERI MATHIS to me known to be the Exec. Director of ~~the Foundation For Deaconess and Valley Healthcare~~ a nonprofit organization, the nonprofit organization that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said general partners on behalf of said organization for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this 21<sup>st</sup> day and year in this certificate above written.



[Signature]  
Name: ALAN L. RUBENS  
NOTARY PUBLIC in and for the State of  
Washington, residing at SPOKANE  
My commission expires 10-15-06

Signature page to Mutual Release and Settlement Agreement

## **LIST OF EXHIBITS**

- A. Stipulation and Order Regarding Agreed Order to Dismiss Claims Against Kovacevich
- B. Chapin Bankruptcy Court Stipulation and Order (or Confirmation Order language).

**EXHIBIT A**  
**FORM OF PROMISSORY NOTE**

**EXHIBIT B**  
**FORM OF DEED OF TRUST**

**EXHIBIT C**  
**REAL ESTATE**

**EXHIBIT D**  
**SCHEDULE OF LIEN RELEASES**

**EXHIBIT E**

**STIPULATION AND ORDER REGARDING VACATION OF JUDGMENT AGAINST  
LEAF**

**EXHIBIT F**

**STIPULATION AND ORDER REGARDING DISMISSAL OF CIVIL AND PROBATE  
PROCEEDINGS**



**EXHIBIT G**

**STIPULATION AND ORDER REGARDING DISMISSAL OF SECURITY ORDER**

**EXHIBIT H**

**STIPULATION AND ORDER REGARDING DISMISSAL OF JUDGMENT LIEN  
ORDER**

**EXHIBIT I**

**STIPULATION AND ORDER REGARDING DISMISSAL OF APPELLATE  
PROCEEDINGS**


**STIPULATION AND ORDER REGARDING AGREED ORDER TO DISMISS CLAIMS  
AGAINST KOVACEVICH**

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 2 day of June, 2003 I caused to be served a true and correct copy of the foregoing NOTICE OF FILING MUTUAL RELEASE AND SETTLEMENT AGREEMENT by the method indicated below, and addressed to the following:

U.S. Trustee  
304 N. 8th Street, RM 347  
Boise, Idaho 83702

☒ U.S. MAIL  
☐ HAND DELIVERED  
☐ OVERNIGHT MAIL  
☐ FACSIMILE

  
\_\_\_\_\_  
Bruce A. Anderson